

Opening a bank account



Homes for Haringey

www.homesforharingey.org/money

How to choose the right bank account

Before you open a bank account, decide which type of bank account best suits your needs.

With most accounts, you can do the following:

- have wages, salary, benefits, pensions and tax credits paid straight into your account
- pay cheques in for free (as long as they're not in foreign currency) – you'll be able to spend the money after four working days
- get money out at Post Offices and cashmachines
- pay your bills by Direct Debit or standing order, and
- use bank counters to pay money in, take it out or check your account balance.

Current accounts

Most people use a **current account** with a bank or building society to manage their day-to-day money. With a current account you can:

- apply for an overdraft allowing you to spend an agreed amount more than you have in our account – you will normally have to pay extra fees for this
- also access the account online or via mobile banking.



For more information about bank accounts, visit Money Advice Service's website at: moneyadvice.org.uk

Basic accounts

You might prefer to open a **basic bank account** as a first step. A basic bank account may be best for you if:

- you have a poor credit record
- you don't want to have access to more money than you have in your account
- you just need a way to receive benefit payments or to control your spending.

Check with your local bank if they offer basic accounts. With a basic bank account, you don't get a cheque book or overdraft facilities.

Basic bank accounts should not be subject to a credit scoring test but some banks may still refuse you if you have had previous debts of more than £500 or have county court judgements made against you.

With some basic accounts, you may also get a debit card. With a basic bank account you don't need to put money in upfront and you don't have any fees to pay for having the account.

How to prove your identity

To open a bank account, you will need to complete an application form. You will also need to prove who you are and where you live.

TIP: Check the Money Advice Service's list of identification documents (ID) different banks accept at: www.moneyadviceservice.org.uk

The bank should tell you what identity documents you need to open an account. If you can't provide any of the usual types of ID such as a passport, then the bank may consider certain other types of documents:

Claiming benefit

Entitlement letter or Identity Confirmation issued by the government or a local authority.

Sheltered accommodation or care home

Letter from a care home manager or warden of sheltered accommodation or refuge.

On probation

Letter from probation officer or a hostel manager. Passport or European Economic Area National Identity Card and letter of acceptance or letter of introduction from a body on the Department for Education and Standards list.

An asylum seeker

A UK Border Agency application registration card.

Ask the bank what other types of documentation they may accept.

Please note that a bank does not have to accept these alternative types of ID, but if it won't accept one you should ask the bank to explain why. You can make a complaint to the bank if you are not happy with the way it deals with this.

Also note that even if you provide all the necessary identity documents, banks may have other reasons for refusing an application. Please speak to the relevant bank if you have any questions.

Financial checks

A bank may need to check your record of borrowing and repaying money. This is known as a credit report and also shows what other accounts you have.

In some cases too many checks with credit reference agencies may damage your credit rating, so ask the bank whether it will be making a check as part of the application process.

Know your rights

A bank or building society must provide you with the main details of your account and how it will work (its terms and conditions). Use the Financial Services Authority's checklist of questions for your bank at: www.fsa.gov.uk (> Consumer information > Bank accounts: Know your rights)

Much of the information in this factsheet is taken from the Money Advice Service. They provide comprehensive, independent and impartial information and advice on financial products such as bank accounts, and produce comparison tables for different bank accounts. Visit www.moneyservice.org.uk or call 0300 500 5000.

We've published a range of factsheets to help you manage your money better:

Factsheet #1: Opening a bank account

Factsheet #2: Taking control of your finances

Factsheet #3: Keeping your energy bills low

Factsheet #4: Switching energy suppliers

Factsheet #5: Dealing with debt and low cost borrowing

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